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The Political Economy of War. By F. W. HIRST. New York: E. P. Dutton & Co., 1915. 8vo, pp. xii+327.

"Political economy of war" to the former editor of the *London Economist* is a study in public finance and debts. The first part (160 pages) is devoted to historical material from the Thirty Years' War to the Franco-Prussian War of 1870, including the trade in armaments, indemnities, issues of paper currencies, and the effect of war on capital and labor. The second part (119 pages) describes historically the war debts of Great Britain, the United States, France, Germany, Russia, Austria, Italy, and Japan. The third part is given to the present European war, discussing the early effects on credit, exchange, commerce, costs, and its consequences to industry and society.

The early chapters are rather dull reading, being a history of politics as much as of war. Between 1858 and 1898 the standing armies of Europe had been increased by a million men. The annual cost in 1898 of a soldier was £30 in Russia, £46 in Germany, £65 in France, and £81 in England. Then began the emulation in "preparedness"; so that it took a European workingman a month in the year to defray his share of the cost of armament. The part played by the armament firms in stimulating the rivalry of different countries in building navies and accumulating stores of guns and munitions is fully shown. The bribery and connivance of state officials furnishes, no doubt, a basis of fact for the sensational charges of Liebknecht. Indeed the Krupps, the Loewe Concern, the Skoda Company, the Crensots, and Armstrongs were all engaged in the efforts to bring on war; and they have all prospered since 1914. In arriving at the means of securing a permanent peace, it is quite clear that a firm supervision should be exercised by some controlling international body over the doings of the armament firms.

In the discussion of war debts, the author does not break into new ground. He relies on Bastable, Adams, and Fenn. He collates, however, brief and general accounts of the national debts of the belligerents, down to the present war. His one main lesson is that belligerents should tax as the war goes on, and not throw the heavy burden upon posterity by dependence upon loans to so large an extent as is now done. In this respect Germany is the greatest sinner; but she dodged taxation because she expected to be paid great indemnities. In facing her future burdens Germany must add to the Imperial war debt the debt of the various states and municipalities. In 1912 the debts of the states alone amounted to \$3,924,250,000, or three times the Imperial debt (p. 258). Even before the war, the decline in German credit was shown by the

fall of Imperial Threes from about 89 in 1905 to $75\frac{1}{2}$ in 1913; and it might be added that by the middle of 1915 their price was $48\frac{1}{8}$.

The author seems to imply that there is one political economy of peace and another of war. "None of the economic theories that have been fashioned for the industries of peace really fits" (p. 94). This disclosed a curious idea of economic laws. It is brought out in saying that a hungry man wants food for himself, not because Brown or Jones wants it; but that one government wants armaments because another government has ordered them, i.e., supply increases demand (p. 96). Also, in discussing the effect of the war on credit (Part III, chap. i) the author seems to believe that a final blow was given to world-credit when Great Britain declared war; that in August, 1914, the machinery was shattered, and its fabric "faded into nothingness" (p. 281); that the exchanges became unworkable. And yet he later explains how credit necessarily resumed its usual tasks. An earlier editor of the *Economist*, Walter Bagehot, would have better seen the principles at work, and not confused principles with the conditions under which they worked and which vary in peace or war.

The author is incorrect in thinking that special legislation converted cotton warehouse receipts into a basis for currency and saved thousands of American planters from ruin (p. 291); in saying that the New York Stock Exchange closed the morning after that of London (p. 292); that belligerent tonnage was purchased and placed under the American flag (p. 294).

After the war the author sees difficulty in finding even low wages for disbanding armies. "Credit will be scarce and dear, liquidation difficult, competition severe" (p. 313). But we do not yet know all the facts as they will be at the end of the war, and prophecy is dangerous.

L.

Second Thoughts of an Economist. By WILLIAM SMART. New York: Macmillan, 1916. 8vo, pp. lxxix+189. \$1.40.

In this little book, which marks the close of his most active and productive career, Professor Smart has undertaken a review of the salient facts of economic life as they appear when seen by the light of a warm enthusiasm for worthwhile living against the background of his more formal economics. He has returned to certain Ruskinian questionings and disparagings of industrialism and treats of these things with a freedom which he apparently felt one cannot exercise when one is preoccupied with being an economist.